

Insuring the World Cup – looking back

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In June 2008, after a suggestion by the IISA's Theo Vels, I went to SAFA House to be part of the World Cup 2010 insurance tender evaluation team. I was offered the job as Insurance Manager to the 2010 World Cup and, being an eternal optimist (my teams are Blackpool and Bloemfontein Celtic), I accepted the challenge.



It came as something of a surprise to discover I would have from 25 July until 15 November to complete a Risk Evaluation, design an insurance programme, quote it and get it signed off by FIFA. Without a risk officer, it became something of a challenge and I owe great thanks to Steve Levitt and Dani Ettridge from AON, ably assisted by Yussef Seth from the Organising Committee, for their help. The purchase of a Risk Management system from ART did make the task easier from the point of ensuring internal compliance.

The evaluation was relatively easy, with the aid of some experts from AON, the OC's Finance team and my vague memories of past events at Sun City, plus a lot of internet searches.

We met the deadline!

Identifying and classifying the risks - It only took about a week to identify and classify by impact and cost hundreds of 'risks' (we missed all the things that really bit us, more on that subject later). The risks we faced were arbitrarily divided into two parts.

- **Physical risks**, being mainly damage to the infrastructure and equipment, most of which did not exist at that time and contracts had yet to be issued.
- **Political/Catastrophic risks**, such delightful things as mentioned in the graph below:

In reality, we could insure most of the things that could threaten the Event, and those that we could not were handled by us lighting more of the candles, as well I did.

We then passed the list to the Operational Teams and gave advice where we could and fine-tuned the insurance programme as we learnt more. We were lucky or blessed. So far, we are

collecting the claims and, the risks that we missed have not hurt us ... yet.

Arranging the cover - To get over the multitudes of possible owners of assets and activities, the decision was taken that all insurances would be on a joint insured basis (FIFA, SAFA, HOST Cities and Stadium Owners and Operators). All assets would be centrally insured and Contractors All Risks covers would be principal-controlled. Only such items as staff covers were OC specific.

In addition, we would, because of the widespread nature of the risk, buy much of the cover on a first-loss basis. Given that we could never calculate the erection and dismantling costs or the transit values, we agreed that we would not make declarations, we would give as accurate (as possible) budget figures.

Thanks to the support of the South African insurance industry, we were able to achieve a simple set of covers which met all our needs, (candle burning may have helped). Actually, credit lies with Aon and, particularly, Steve. Fortunately, Lloyd's also misunderstood the risk and came in with cover at good prices. They provided cancellation and losses occurring liability cover. I was appalled to see that some brokers offered claims-made cover for clients buying event-specific insurance.

What is perhaps not understood by many is that the OC has to manage relationships with FIFA, Government, Host Cities and owners of property such as training grounds and Stadia. We would not know what we needed until teams qualified, the Draw was completed and teams chose their base camps.

Host Cities were faced with serious expenditure, limited direct revenue from the Event, just as the World went firmly into recession (we missed that risk).

Some statistics:

- 10 stadia

Terrorists	high risk, high cost
Epidemics	low risk, high cost
Civil Unrest	low risk, high cost
Weather/Earthquakes	low risk, low cost
Teams not arriving	forget it (see epidemics)
Cancellation by FIFA	There was no Plan B.
Biological Attack	low risk, high cost, but the cover is too expensive anyway!
Failure to Deliver	We had complete faith in Dr Jordaan and South Africa (though we had no idea how good we would be).
The possible illness or death of any prominent person...	All one could do was hope it did not happen ... I reverted to lighting candles.

